

SEQUESTRATION ORDER FOR FISCAL YEAR 1988

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE OFFICE OF MANAGEMENT AND BUDGET REVISED SEQUESTER
REPORT FOR FISCAL YEAR 1988, AND THE FINAL SEQUESTER
ORDER OF THE PRESIDENT FOR FISCAL YEAR 1988, PURSUANT
TO PUBLIC LAW 100-119



NOVEMBER 30, 1987.—Message and accompanying papers referred to the
Committee of the Whole House on the State of the Union and ordered
to be printed

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To the Congress of the United States:

In accordance with the requirements of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987, Public Law 100-119, and to ensure the timely implementation of the Act, I hereby transmit the following:

- (1) Report of the Director of the Office of Management and Budget; and
- (2) Final sequester order of the President.

RONALD REAGAN.

THE WHITE HOUSE, *November 20, 1987.*





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 20, 1987

Honorable James C. Wright, Jr.
Speaker of the House of Representatives
Washington, D.C. 20515-6501

Dear Mr. Speaker:

In accordance with the requirements of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987, Public Law 100-119, I hereby submit to you my revised Sequester Report for fiscal year 1988. As required by law, this report is being submitted simultaneously to the President and Congress.

Because no deficit reduction has been achieved since my initial sequester report was transmitted on October 20, 1987, a final sequestration order is to be issued today requiring the sequestration of sufficient budgetary resources to achieve the full \$23 billion deficit reduction specified by the Act.

The only significant budget legislation enacted since the October 20th report is the interim extension of certain insurance and housing credit programs in the Veterans Administration (VA). This legislation (Public law 100-136), on net, increases outlays exempt from sequestration and the baseline deficit by \$1.0 billion.

Budget Baseline Estimates
(in billions of dollars)

	<u>January Baseline</u>	<u>November Baseline</u>	<u>Net Deficit Reduction (-) or Increase (+)</u>
Receipts.....	903.0	903.0	-*
Outlays.....	<u>1,065.2</u>	<u>1,067.0</u>	<u>1.8</u>
Deficit.....	<u>162.2</u>	<u>164.0</u>	<u>1.8</u>

* \$50 million or less.

A revised table showing the composition of the November baseline outlay estimates for 1988 is enclosed.

Sequesterable budgetary resources and associated outlays are unchanged from the initial sequester report. As required by the Act, the economic and technical assumptions underlying the November 20 baseline estimates are also unchanged from those that were presented in the initial sequester report. Because there has been no change in sequesterable resources and associated outlays since the October 20th initial Sequester Report for Fiscal Year 1988, I am incorporating by reference the portions of that report concerning sequesterable resources and outlays; specifically, the appendix to the report showing the sequestration reductions by agency and budget account that provide the detail for the final Presidential sequester order (Federal Register, Vol. 52, No. 203, Part VIII, Wednesday, October 31, 1987, pp. 39451-39492). As specified by the Act, in addition to the elimination of automatic spending increases and the application of certain special rules, uniform across-the-board reductions in sequesterable budgetary resources of 10.5 percent for defense programs and 8.5 percent for non-defense programs are required.

With best wishes, I remain,

Sincerely yours,



James C. Miller III
Director

Enclosure

IDENTICAL LETTERS SENT TO THE PRESIDENT OF THE UNITED STATES,
HONORABLE GEORGE BUSH

Composition of November Baseline Outlay
Estimates for Fiscal Year 1988
(dollar amounts in billions)

	Estimate	Percent of Total
Defense Programs <u>a</u> /:		
Subject to across-the-board reduction <u>b</u> /	109.2	10.2
Exempt from sequestration <u>c</u> /.....	<u>180.1</u>	<u>16.9</u>
Subtotal, defense programs.....	289.3	27.1
Nondefense Programs:		
Subject to sequestration:		
Certain programs with automatic spending increases <u>d</u> /.....	1.2	0.1
Certain special rule programs <u>e</u> /.....	99.1	9.3
Subject to across-the-board reductions <u>f</u> /.	<u>110.4</u>	<u>10.4</u>
Subtotal, subject to sequestration.	210.7	19.7
Exempt from sequestration:		
Social security.....	218.2	20.5
Federal retirement, disability, and workers compensation.....	58.4	5.5
Earned income tax credit.....	2.9	0.3
Low-income programs <u>g</u> /.....	70.5	6.6
Veterans compensation and pensions.....	14.5	1.4
State unemployment benefits.....	14.9	1.4
Offsetting receipts.....	-65.3	-6.1
Net interest.....	145.9	13.7
Other <u>h</u> /.....	<u>106.9</u>	<u>10.0</u>
Subtotal, exempt from sequestration	<u>567.0</u>	<u>53.1</u>
Subtotal, nondefense programs.....	<u>777.7</u>	<u>72.9</u>
Total.....	1,067.0	100.0

- a/ Budget function 050, excluding FEMA programs.
- b/ Excludes military personnel accounts exempted by Presidential authority.
- c/ Largely outlays from military personnel accounts, which were exempted by Presidential authority, and outlays from obligated balances.
- d/ National Wool Act, special milk, and vocational rehabilitation programs.
- e/ Guaranteed student loans, foster care and adoption assistance, medicare, veterans medical care, and other health programs.
- f/ Excludes 1989 outlays for the Commodity Credit Corporation (CCC).
- g/ Family support payments, child nutrition, medicaid, food stamps, SSI, and WIC, and commodity supplemental food program.
- h/ Outlays from prior-year budgetary resources, certain prior legal obligations, and other exempt programs.



FINAL
ORDER

Emergency Deficit Control Measures
for Fiscal Year 1988

By the authority vested in me as President by the statutes of the United States of America, including section 252 of the Balanced Budget and Emergency Deficit Control Act of 1987 (Public Law 99-177), as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100-119) (hereafter referred to as "the Act"), I hereby order that the following actions be taken immediately to implement the sequestrations and reductions determined by the Director of the Office of Management and Budget in his report dated November 20, 1987, under section 251 of the Act:

- (1) Each automatic spending increase that would, but for the provisions of the Act, take effect during fiscal year 1988 is permanently sequestered or reduced as provided in section 252. The programs with such automatic spending increases subject to reduction in this manner are: National Wool Act; Special milk program; and Vocational rehabilitation.
- (2) The following are sequestered as provided in section 252: new budget authority; unobligated balances; new loan guarantee commitments or limitations; new direct loan obligations, commitments, or limitations; spending authority as defined in section 401(c)(2) of the Congressional Budget Act of 1974, as amended; and obligation limitations.
- (3) For accounts making payments otherwise required by substantive law, the head of each Department or agency is directed to modify the calculation of each such payment to the extent necessary to reduce the estimate of total required payments for the fiscal year by the amount specified in the Director of the Office of Management and Budget's report of November 20, 1987.

- (4) For accounts making commitments for guaranteed loans and obligations for direct loans as authorized by substantive law, the head of each Department or agency is directed to reduce the level of such commitments or obligations to the extent necessary to conform to the limitations established by the Act and specified in the Director of the Office of Management and Budget's report of November 20, 1987.

All reductions and sequestrations shall be made in strict accordance with the specifications of the November 20 report of the Director of the Office of Management and Budget and the requirements of section 252(b).

This Order shall be effective immediately and supersedes the initial Order issued on October 20, 1987.

This Order shall be reported to the Congress and shall be published in the Federal Register.

Richard Reagan

THE WHITE HOUSE,

November 20, 1987.

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